GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1656
ANSWERED ON:12.12.2003
FUTURES TRADING IN GOLD AND SILVER
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether India is a major consumer of gold and silver using 800 tonnes of gold and 3500 tonnes of silver in a year;

(b) if so, whether after a 42 year gap, India has launched futures trading in gold and silver as reported in the `Times of India` dated October 4, 2003 under caption `Gold, Silver futures trade starts`;

(c) if so, the number of bodies recognized by the Forward Market Commission for futures trading in silver and gold; and

(d) the extent to which this decision of the Government is likely to curb wild fluctuation in prices of silver and gold?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI S.B. MOOKHERJEE)

(a) : No reliable information/statistics on the consumption of gold and silver is available. However, in the year 2002-03 about 606 tonnes of Gold and 3069 tonnes of Silver were imported in various forms (Source GJEPC).

(b), (c) & (d) : Futures trading commenced on 3rd October, 2003 by National Multi Commodity Exchange of India Ltd., Ahmedabad. Three exchanges viz.,

(i). National Multi Commodity Exchange of India Ltd., Ahmedabad.

(ii) Multi Commodity Exchange, Mumbai and

(iii) National Commodity & Derivatives Ex change Ltd., Mumbai have been recognized by the Forward Markets Commission (FMC) for futures trading in Gold & Silver. The basic objectives of futures trading are price discovery and price risk management. In the process, it facilitates moderating fluctuations in prices. However, the exact extent of the same cannot be specified.